

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

DAE SUNG HI TECH CO., LTD., a  
South Korean Limited Liability  
Company; FIRST 2 MARKET  
PRODUCTS, LLC, an Ohio Limited  
Liability Company; and SEHYANG  
INDUSTRIAL CO., LTD., a South  
Korean Limited Liability Company,

Plaintiffs,

vs.

D&B SALES, INC., a Nevada Based  
Corporation; DALE IRWIN, an  
individual resident of the State of  
Nevada; and BOBBI IRWIN, an  
individual resident of the State of  
Nevada,

Defendants.

Case No. 2:22-cv-00030-ART-BNW

ORDER ON:

DEFENDANTS' MOTION TO STAY  
(ECF No. 90), MOTION FOR  
SUMMARY JUDGMENT (ECF No. 74),  
MOTION FOR JUDGMENT ON THE  
PLEADINGS (ECF No. 75)

PLAINTIFFS' MOTION FOR  
PERMANENT INJUNCTION (ECF No.  
80), MOTION FOR SUMMARY  
JUDGMENT (ECF No. 81)

Plaintiffs Dae Sung Hi Tech Co., Ltd., First 2 Market Products, LLC, and Seyhang Industrial Co, Ltd. bring this lawsuit against Defendants D&B Sales, Inc., Dale Irwin, and Bobbi Irwin, alleging patent infringement in violation of 35 U.S.C. § 271, and violation of the Nevada Deceptive Trade Practices Act ("NDTPA"). Before the Court are five motions: Defendants' motion to stay proceedings (ECF No. 90), Plaintiffs' motion for summary judgment on all claims (ECF No. 81), Plaintiffs' motion for permanent injunction (ECF No. 80), Defendants' motion for summary judgment on affirmative defenses (ECF No. 75), and Defendants' motion for judgment on the pleadings as to the NDTPA claim (ECF No. 74).

For the reasons discussed below, the Court grants in part Defendants' motion to stay this action pending the outcome of Defendants' request for ex parte

1 reexamination with the U.S. Patent and Trade Office (“USPTO”). For this reason,  
2 and because they are premature, Court denies both of Plaintiffs’ motions without  
3 prejudice and with leave to refile. The Court also grants a stay as to Defendants’  
4 affirmative defense of inequitable conduct and as to Defendants’ defense of  
5 unclean hands under the theory that Plaintiffs withheld information from the  
6 USPTO. However, the Court considers the other affirmative defenses in  
7 Defendants’ motion for summary judgment, as well as Defendants’ motion for  
8 judgment on the pleadings because issues of patent validity are not implicated.  
9 The Court considers and denies both motions.

## 10 **I. BACKGROUND**

11 Plaintiffs Dae Sung and First 2 Market filed this action against Defendants  
12 in January 2022, alleging patent infringement in violation of 35 U.S.C. § 271 and  
13 violation of the NDTPA. Defendants filed motion to dismiss on the grounds that  
14 Plaintiffs did not have standing to enforce the patent at issue. (ECF No. 41.) After  
15 a hearing, the Court allowed Sehyang, the owner of the patent at issue, to join  
16 this action. (ECF No. 70.) The Court denied as moot several pending motions in  
17 the case with leave to refile. (*Id.*) Plaintiffs then filed an amended complaint, with  
18 Sehyang as a Plaintiff, alleging the same causes of action as the original  
19 complaint. (ECF No. 71.) Both parties subsequently filed dispositive motions, now  
20 before the Court. (ECF Nos. 74; 75; 80; 81.) The Court heard oral argument on  
21 these motions on January 10, 2025. On January 21, 2025, Defendants filed a  
22 motion to stay this action, which Plaintiffs oppose. (ECF Nos. 90; 91.)

### 23 **A. Plaintiffs’ Factual Allegations**

24 Plaintiffs allege that Defendants have infringed on their patent rights to  
25 U.S. Pat. No. 7,503,696 (“‘696 patent”) and violated the NDPTA by purchasing  
26 and reselling devices which infringe on the ‘696 patent. Plaintiffs’ amended  
27 complaint makes the following factual allegations in support of their claims:

28 Plaintiff Sehyang is the patent owner of the ‘696 patent, issued on March

17, 2009. (ECF No. 71 at 3.) On March 7, 2011, Sehyang licensed the ‘696 patent to Plaintiff Dae Sung. (*Id.*) Plaintiff First2Market is the exclusive distributor in the United States of devices covered by the ‘696 patent. (*Id.*) The GRIPSTIC® is a bag sealing device covered by the ‘696 patent. (*Id.* at 4.) Defendants have entered into contracts or relationships with third parties to purchase bag sealing devices which infringe on the ‘696 patent. (*Id.*) Specifically, Defendants have admitted to buying infringing bag sealing devices on at least one occasion in Florida. (*Id.*) Defendants have done so knowingly and willingly and with the purpose of re-selling the infringing devices. (*Id.* at 6.) Defendants have sold the infringing devices at state and/or county fairs in Iowa, Kentucky, Indiana, Nevada, and Ohio. (*Id.* at 5.) Defendants have identified the infringing devices at trade shows during the years 2017-2019 as “Grip Stix,” “Grip Sticks,” and “Lock and Seal Sticks.” (*Id.* at 6) Defendants have admitted to sales of the infringing devices of at least \$4,000. (*Id.* at 5, 6.) Due to Defendants actions, Plaintiffs have and continue to suffer damages including lost sales and product confusion. (*Id.* at 5, 7.)

## 17 **II. Plaintiffs’ Motion for Summary Judgment on Patent and NDTPA** 18 **Claims (ECF No. 81) and Motion for Permanent Injunction (ECF No.** 19 **80)**

20 As discussed below, because Plaintiffs’ motions are premature, and  
21 because the Court grants Defendants’ motion to stay further proceedings in this  
22 action<sup>1</sup>, the Court denies Plaintiffs’ motion for summary judgment and motion  
23 for permanent injunction without prejudice.

### 24 **A. Failure to Follow Local Patent Rules**

25 The Court notes that the parties in this case have failed to follow many of  
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27 <sup>1</sup> The issue of patent validity is implicated in both of Plaintiffs’ motions, including  
28 as to summary judgment on their NDTPA claims because these are premised on  
infringement of a valid patent.

1 the Local Patent Rules for the District of Nevada. It appears that the parties were  
2 aware of the rules, as they exchanged initial disclosures pursuant to LPR 1-8 and  
3 LPR 1-10. (See ECF Nos. 15; 20.) LPR 1-22 provides a sample discovery plan and  
4 scheduling order for patent cases, in which the parties propose dates for  
5 discovery as well as for the claim construction process to occur before any  
6 dispositive motions are filed—including exchange of terms, briefing, hearings,  
7 and tutorials. LPR 1-13 to 1-18 provide the rules for the schedule for this process.  
8 Here, the parties joint scheduling order and discovery plan did not include this  
9 process. (ECF Nos. 16; 17). Thus, the parties both engaged in discovery and  
10 submitted dispositive motions prior to any claim construction occurring. The  
11 claim construction process is necessary for the Court to rule on Plaintiffs’  
12 dispositive motions because they involve construction of the patent claims.<sup>2</sup>  
13 Plaintiffs’ motions are therefore premature. For this reason and because the  
14 Court enters a stay in this action, these motions are denied with leave to refile  
15 after the stay is lifted and the parties have complied with the Local Patent Rules  
16 regarding claim construction and mandatory settlement conference.

### 17 **III. Defendants’ Motion to Stay Proceedings (ECF No. 90)**

18 Defendants have moved to stay this action pending ex parte reexamination  
19 of the ‘696 patent. Defendants filed a Request for Ex Parte Reexamination of the  
20 ‘696 patent with the USPTO on January 20, 2025, requesting reexamination of  
21 Claims 1 and 7 of the patent, on the grounds that two Japanese patents which  
22 were identified in the Japanese Patent Office’s Notice of Reasons for Refusal  
23 constitute prior art and raise substantial new questions of patentability. (ECF No.  
24 90-1 at 2-4.) On February 11, 2025, the USPTO granted the request for ex parte  
25 reexamination of the ‘696 patent, stating that the two Japanese patents raise  
26 substantial new questions of patentability with respect to claims 1 and 7. (ECF

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27 <sup>2</sup> Defendants’ dispositive motions do not involve claim construction, and the  
28 Court will rule on them in this order.

1 No. 92-1.)

2 The “power to stay proceedings is incidental to the power inherent in every  
3 court to control the disposition of the causes on its docket with economy of time  
4 and effort for itself, for counsel, and for litigants.” *Landis v. N. Am. Co.*, 299 U.S.  
5 248, 254 (1936). Courts in this District have noted a “liberal policy in favor of  
6 granting motions to stay proceedings pending the outcome of USPTO  
7 reexamination or reissuance proceedings.” *Unwired Planet, LLC v. Google Inc.*,  
8 No. 3:12-CV-00504-MMD-VP, 2014 WL 301002, at \*5 (D. Nev. Jan. 27, 2014)  
9 (quoting *ASCII Corp. v. STD Entm’t USA, Inc.*, 844 F. Supp. 1378, 1381 (N.D. Cal.  
10 1994)). Under LPR 1-20, a decision to stay litigation depends on “the  
11 circumstances of each particular case, including without limitation: (1) whether  
12 a stay will unduly prejudice or present a clear tactical disadvantage to the  
13 nonmoving party, (2) whether a stay will simplify the issues in question and the  
14 trial of the case, and (3) whether discovery is complete and a trial date has been  
15 set.”

16 **A. Undue Prejudice**

17 Defendants argue that there is no prejudice to Plaintiffs if a stay is granted  
18 because discovery is complete, the reexamination proceeding will likely result in  
19 additional evidence to be used in this lawsuit, and the Court and all parties will  
20 be able to rely on the expertise of the USPTO. Plaintiffs argue that they will suffer  
21 a tactical disadvantage if a stay is issued because dispositive motions have been  
22 briefed and orally argued and a stay will prejudice Plaintiffs’ ability to obtain  
23 judgment and permanently enjoin Defendants from making further sales. They  
24 further argue that the reexamination process is likely to be futile because  
25 Defendants’ argument for reconsideration fails to disclose the fact that the  
26 Japanese Patent Office did subsequently issue a patent to Plaintiffs despite the  
27 identified prior art.

28 The Court finds that any prejudice to Plaintiffs in this case is limited.

1 “Courts have repeatedly held that the delay inherent in the reexamination process  
 2 does not, by itself, constitute undue prejudice.” *Pacific Bioscience Laboratories,*  
 3 *Inc. v. Pretika Corp.*, 760 F. Supp. 2d 1061, 1066 (W.D. Wash. 2011) (citing  
 4 *Implicit Networks, Inc. v. Adv. Micro Devices, Inc.*, No. C08-184JLR, 2009 WL  
 5 357902, at \*3 (W.D. Wash. Feb. 9, 2009) (collecting cases)). As was discussed at  
 6 oral argument, there is no evidence that Defendants are continuing to sell the  
 7 allegedly infringing device. The fact that Plaintiff has not requested preliminary  
 8 injunctive relief also supports a finding that a stay would not be unduly  
 9 prejudicial; “that [a party] has not moved for a preliminary injunction also  
 10 weakens its undue prejudice claim because even if a stay prejudiced [a party],  
 11 money damages could later make it whole.” *ACRES 4.0 v. IGT*, No. 2:21-CV-  
 12 01962-GMN-BNW, 2022 WL 22247952, at \*3 (D. Nev. Oct. 25, 2022); *see also*  
 13 *Unwired Planet*, 2014 WL 301002, at \*6 (that plaintiff had not yet sought an  
 14 injunction is a fact which weighs in favor of granting a stay); *Visual Interactive*  
 15 *Phone Concepts, Inc. v. Samsung Telecomm. Am., LLC*, No. 11-12945, 2012 WL  
 16 1049197, at \*3 (E.D. Mich. Mar. 28, 2012) (same); *Equipements de Transformation*  
 17 *IMAC v. Anheuser-Busch Companies, Inc.*, 559 F. Supp. 2d 809, 816 (E.D. Mich.  
 18 2008), *modified in part on reconsideration*, No. 07-13306, 2008 WL 3852240 (E.D.  
 19 Mich. Aug. 18, 2008) (same). Thus, Plaintiffs have not shown that they suffer  
 20 undue prejudice due to a delay in relief being granted. Additionally, as is  
 21 discussed above, because the parties failed to follow the local patent rules,  
 22 Plaintiffs’ dispositive motions are premature and will not be ruled on at this time.  
 23 This factor weighs in support of a stay.

#### 24 **B. Simplification of Issues**

25 Defendants argue that a stay will simplify the issues in this case because  
 26 it will allow the USPTO to determine whether the prior Japanese art references  
 27 impact validity of the patent as to claims 1 and 7, which is at issue in this case.  
 28 If those claims are determined to be invalid by the USPTO, this issue will be

1 disposed of. If the claims survive, they will have been clarified by the USPTO's  
2 analysis. Defendants further cite to USPTO Ex Parte Reexamination Filing Data,  
3 which shows that 92.4% of ex parte reexamination requests are granted, and  
4 78.1% of reexaminations by third party requesters result in claims being  
5 cancelled or changed. (ECF No. 90-2.) In response, Plaintiffs argue that it is  
6 unlikely that the reexamination results will simplify this case because it will be  
7 futile, as the prior art references did not preclude a Japanese Patent from being  
8 issued, and likely won't cause U.S. patent claims to be invalidated.

9 The fact that the Japanese Patent Office found that the prior Japanese art  
10 references did not prevent the issuance of a Japanese Patent does not mean that  
11 the USPTO will come to the same result as to the U.S. patent. As such, a decision  
12 by the USPTO invalidating or changing claims 1 or 7 of the patent could simplify  
13 issues in this case. *Pacific Bioscience*, 760 F. Supp. 2d at 1064 (granting stay  
14 noting that some claims at issue in litigation could emerge from reexamination  
15 changed or cancelled). If reexamination is granted, "regardless of the outcome of  
16 the reexamination, the court will nevertheless have the benefit of the USPTO's  
17 expertise, analysis of the [] patent claims, and evaluation of the relevant prior  
18 art." *Id.* at 1066 (citing *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428 (Fed. Cir.  
19 1988)). The fact that the USPTO has granted the request for reexamination  
20 further supports a finding that the stay may simplify issues in this case. *See id.*  
21 at 1064-65. ("Because there is a greater than 75% chance that some of the claims  
22 will emerge from reexamination either changed or cancelled ...and because all of  
23 the claims of the '691 patent at issue in this litigation are subject to the USPTO's  
24 reexamination...it is likely that at least some of the claims will be altered or  
25 cancelled."). Accordingly, this factor weighs in favor of a stay.

### 26 **C. Stage of Litigation**

27 The stage of litigation in this case is confusing due to the parties' failure to  
28 adhere to the Local Patent Rules for this District, resulting in the filing of



1 premature motions. So while discovery has been completed, the entire claim  
2 construction process has yet to occur in this case, no dates have been proposed  
3 or set for it, dispositive motions regarding the patent claims will need to be re-  
4 filed at a later date, and no trial date has been set. Accordingly, the current  
5 posture of the case, though unusual, weighs in favor of granting a stay. See  
6 *Unwired Planet*, 2014 WL 301002, at \*6 (granting stay where discovery had  
7 begun, claim construction hearing had occurred and no trial date was set); see  
8 also *Spread Spectrum Screening LLC v. Eastman Kodak Co.*, 277 F.R.D. 84, 89  
9 (W.D.N.Y. 2011) (same); *ESN, LLC v. CISCO Systems, Inc.*, No. 5:08-cv-20, 2008  
10 WL 6722763, at \*5 (E.D. Tex. Nov. 20, 2008) (this factor weighed in favor of a stay  
11 even where 20,000 pages of documents had been produced and claim  
12 construction hearing and trial dates had been set).

13 In sum, all three factors weigh in favor of granting Defendants' motion to  
14 stay proceedings. While Plaintiffs argue that this motion was filed as a "dilatory  
15 tactic" at a late stage in the proceedings, the failure of the parties to follow the  
16 Local Patent Rules means that this case is at an earlier stage in the proceedings  
17 irrespective of the stay and renders Plaintiffs' dispositive motions premature.  
18 And, Plaintiff has not demonstrated that a stay will cause undue prejudice.

19 Accordingly, the Court stays further proceedings in this action pending the  
20 outcome of Defendants' request for reexamination with the USPTO.

#### 21 **IV. Defendants' Motion for Judgment on the Pleadings on NDTPA Claim** 22 **(ECF No. 74)**

23 Defendants argue that judgment on the pleadings should be granted on  
24 Plaintiffs' NDTPA claim because (1) it is not adequately plead, and (2) it is barred  
25 by the statute of limitations.<sup>3</sup> The Court disagrees and denies this motion on both  
26 grounds.

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27 <sup>3</sup> Defendants also argue that they are entitled to attorneys' fees. Because the  
28 Court denies Defendants' motion, the Court does not address this argument.



### 1           **A. Legal Standard**

2           A party may move for judgment on the pleadings “[a]fter the pleadings are  
3 closed-but early enough not to delay trial[.]” Fed. R. Civ. P. 12(c). When  
4 considering a motion for judgment on the pleadings, the court must accept as  
5 true all material allegations in the complaint and view them in the light most  
6 favorable to the plaintiff. *NL Industries v. Kaplan*, 792 F.2d 896, 898 (9th Cir.  
7 1986). Judgment on the pleadings is only proper “when the moving party clearly  
8 establishes on the face of the pleadings that no material issue of fact remains to  
9 be resolved and that it is entitled to judgment as a matter of law.” *Enron Oil*  
10 *Trading & Transp. v. Walbrook Ins. Co., Ltd.*, 132 F.3d 526, 529 (9th Cir. 1997)  
11 (citing *George v. Pacific-CSC Work Furlough*, 91 F.3d 1227, 1229 (9th Cir. 1996),  
12 *cert. denied*, 519 U.S. 1081 (1997)). The Court should only dismiss the case if “it  
13 appears beyond a doubt that plaintiff can prove no set of facts in support of his  
14 claim which would entitle him to relief.” *Sun Savings and Loan Ass’n v. Dierdorff*,  
15 825 F.2d 187, 191 (9th Cir. 1987). Consideration of matters outside of the  
16 pleadings converts the motion for judgment on the pleadings into a motion for  
17 summary judgment. Fed. R. Civ. P. 12(d).

18           Defendants ask, in the alternative, that the Court dismiss the NDPTA claim  
19 under Fed. R. Civ. P. 12(b)(6). A court may dismiss a complaint for “failure to  
20 state a claim upon which relief can be granted.” Fed. R. Civ. P. 12(b)(6). A properly  
21 pled complaint must provide “a short and plain statement of the claim showing  
22 that the pleader is entitled to relief.” Fed. R. Civ. P. 8(a)(2); *Bell Atlantic Corp. v.*  
23 *Twombly*, 550 U.S. 544, 555 (2007). While Rule 8 does not require detailed factual  
24 allegations, it demands more than “labels and conclusions” or a “formulaic  
25 recitation of the elements of a cause of action.” *Ashcroft v. Iqbal*, 556 U.S. 662,  
26 678 (2009) (citing *Twombly*, 550 U.S. at 555). “Factual allegations must be  
27 enough to rise above the speculative level.” *Twombly*, 550 U.S. at 555. Thus, to  
28 survive a motion to dismiss, a complaint must contain sufficient factual matter

1 to “state a claim to relief that is plausible on its face.” *Iqbal*, 556 U.S. at 678  
 2 (quoting *Twombly*, 550 U.S. at 570). Under this standard, a district court must  
 3 accept as true all well-pleaded factual allegations in the complaint and determine  
 4 whether those factual allegations state a plausible claim for relief. *Id.* at 678-79.

## 5 **B. Analysis**

### 6 **1. Pleading of NDTPA Claim**

7 To state a claim under the NDTPA, a plaintiff must allege “that (1) an act of  
 8 consumer fraud by the defendant (2) caused (3) damage to the plaintiff.” *Picus v.*  
 9 *Wal-Mart Stores, Inc.*, 256 F.R.D. 651, 658 (D. Nev. 2009). Plaintiffs’ complaint  
 10 alleges violations of the NDTPA under NRS 598.0915(1), which prohibits  
 11 knowingly passing off goods or services for sale or lease as those of another  
 12 person, NRS 598.0915(2), which prohibits knowingly making a false  
 13 representation as to the source, sponsorship, approval or certification of goods or  
 14 services for sale or lease, and NRS 598.0915(3), which prohibits making a false  
 15 representation as to affiliation, connection, association with or certification by  
 16 another person.

17 Additionally, the heightened pleading standards under Fed. R. Civ. P 9(b)  
 18 applies to NDTPA claims based on misrepresentations.<sup>4</sup> Under Rule 9(b), a  
 19 plaintiff must “state with particularity the circumstances constituting fraud.”  
 20 *Allstate Ins. Co. v. Belsky*, No. 215-CV-02265-MMD-CWH, 2017 WL 7199651, at  
 21 \*7 (D. Nev. Mar. 31, 2017) (“Consumer fraud claims brought under this statute  
 22 are subject to Rule 9(b)'s heightened pleading requirements.”) (citing *Brown v.*  
 23 *Kellar*, 636 P.2d 874, 874 (Nev. 1981)). In order to satisfy Rule 9(b), the complaint  
 24 must include “an account of the time, place, and specific content of the false  
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26 <sup>4</sup> This Court has previously reserved decision on whether the heightened pleading  
 27 requirements of Rule 9(b) apply to all NDTPA claims, or only those based on  
 28 misrepresentations. *Donor Network West v. Nevada Donor Network*, No. 3:23-CV-  
 00632-ART-CSD, 2025 WL 326980, at \*4 (D. Nev. Jan. 29, 2025). Because here  
 all of Plaintiffs’ NDTPA claims allege misrepresentations, Rule 9(b) applies.

1 representations as well as the identities of the parties to the misrepresentations.”  
2 *Cuadros v. State Farm Fire and Cas. Co.*, No. 2:16-CV-2025-JCM-VCF, 2017 WL  
3 2683681, at \*4 (D. Nev. June 20, 2017) (citing *Swartz v. KPMG LLP*, 476 F.3d  
4 756, 764 (9th Cir. 2007)); *see also Donor Network*, 2025 WL 326980, at \*4.

5 Defendants first argue that Plaintiffs’ claim fails to meet the pleading  
6 standard under Rule 9(b) because they fail to state their allegations with  
7 particularity. The Court disagrees.

8 Plaintiffs allege that Defendants knowingly entered into contracts or  
9 relationships with third parties to purchase bag sealing devices which infringe on  
10 Plaintiffs’ patent, with the purposes of re-selling the devices. (ECF No. 71 at 4.)  
11 Specifically, Plaintiffs allege that Defendants have admitted to purchasing a  
12 significant quantity of infringing devices from a vendor in Florida. (*Id.*). Plaintiffs  
13 allege that Defendants have sold the infringing devices at state and county fairs  
14 in Iowa, Kentucky, Indiana, Nevada, and Idaho, as well as at trade shows in 2017,  
15 2018, and 2019. (*Id.* at 5-6.) Plaintiffs allege that Defendants made false  
16 representations about the infringing devices by identifying them at trade shows  
17 as “Gripstix,” “Grip Sticks,” and “Lock and Seal Sticks.” (*Id.* at 6.)

18 Plaintiffs have therefore provided the time (2017-2019), place (Florida; state  
19 and county fairs in certain states), specific content of the representations  
20 (identifying the infringing device as “Gripstix,” “Grip Sticks,” and “Lock and Seal  
21 Sticks”), and the parties to the misrepresentation (customers). *See Cuadros*, 2017  
22 WL 2683681, at \*4 (citing *Swartz*, 476 F.3d at 764). Plaintiffs have plead their  
23 claim with sufficient particularity under Rule 9(b).

24 As to the alleged violation of NRS 598.0915(1), Plaintiffs have alleged that  
25 Defendants’ knowingly sold the infringing device, which Plaintiffs have a patent  
26 for, under the name “Gripstix,” “Grip Sticks,” and “Lock and Seal Sticks” at trade  
27 shows and fairs. This is sufficient at the pleading stage to allege that Defendants  
28 “knowingly pass[ed] off goods or services for sale or lease as those of another

1 person.” NRS 598.0915(1).

2 As to the alleged violations of NRS 598.0915(2) and (3), Plaintiffs have  
3 alleged that Defendants made a knowing misrepresentation by identifying the  
4 infringing devices as “Gripstix,” “Grip Sticks,” and “Lock and Seal Sticks” at trade  
5 shows and fairs. This is sufficient at the pleading stage to allege that Defendants  
6 “knowingly ma[de] a false representation as to the source, sponsorship, approval  
7 or certification of goods or services for sale or lease,” as prohibited by NRS  
8 598.0915(2), and “ma[de] a false representation as to affiliation, connection,  
9 association with or certification by another person,” as prohibited by NRS  
10 598.0915(3).

11 In sum, the Court finds that Plaintiffs have adequately plead a cause of  
12 action under the NDTPA under both Fed. R. Civ. P. 12(c) and Fed. R. Civ. P.  
13 12(b)(6). Taking all factual allegations as true, Plaintiffs have plead a set of facts  
14 which would entitle them to relief. *See Sun Savings*, 825 F.2d at 191. Plaintiffs’  
15 complaint also contains sufficient factual matter to “state a claim to relief that is  
16 plausible on its face.” *Iqbal*, 556 U.S. at 678.

17 Defendants also argue that Plaintiffs’ fail to plead reliance and causation  
18 as a part of their NDTPA claim. This Court recently found that the NDTPA permits  
19 claims that do not allege reliance. *Summit Ice Melt Systems, Inc., v. Hotedge, LLC*,  
20 No. 3:24-CV-00066-ART-CSD, 2025 WL 305202, at \*8 (D. Nev. Jan. 27, 2025)  
21 (“the Court predicts that the Nevada Supreme Court would not require a showing  
22 of reliance to state a claim under the NDTPA in this case.”). As to causation,  
23 Plaintiffs have alleged that due to Defendants’ sale of the infringing device, they  
24 have suffered lost sales and product confusion. (ECF No. 71 at 7.) The Court  
25 therefore denies Defendant’s motion on this ground.

## 26 **2. Statute of Limitations**

27 The statute of limitations for claims under the NDTPA is four years from  
28 the accrual of the action, which occurs upon discovery of the facts constituting

1 the deceptive trade practice. NRS 11.190(2)(d).<sup>5</sup> Defendants argue that Plaintiffs’  
2 NDPTA claims are barred by the statute of limitations because Plaintiffs admitted  
3 in their responses to interrogatories that First 2 Market discovered that  
4 Defendants were selling the devices on October 3, 2016, which, under agency  
5 principals, is imputed to Dae Sung and Sehyang. This would put the statute of  
6 limitations deadline at October 3, 2020.

7 The interrogatories Defendant relies on did not exist at the time the  
8 complaint was filed and cannot be incorporated by reference. The incorporation  
9 by reference doctrine permits a court to “consider documents in situations where  
10 the complaint necessarily relies upon a document or the contents of the  
11 document are alleged in a complaint, the document's authenticity is not in  
12 question and there are no disputed issues as to the document's relevance.” *Coto*  
13 *Settlement v. Eisenberg*, 593 F.3d 1031, 1038 (9th Cir. 2005). The complaint did  
14 not necessarily rely on the interrogatories, nor were the contents of them alleged  
15 in the complaint. Rather, the interrogatories are proffered by Defendants as a  
16 defense to the allegations in the complaint. *See Khoja v. Orexigen Therapeutics,*  
17 *Inc.*, 899 F.3d 988, 1002 (9th Cir. 2018) (“[I]f the document merely creates a  
18 defense to the well-pled allegations in the complaint, then that document did not  
19 necessarily form the basis of the complaint. Otherwise, defendants could use the  
20 doctrine to insert their own version of events into the complaint to defeat  
21 otherwise cognizable claims.”). Thus, the interrogatories cannot be incorporated  
22 by reference and their consideration would convert the motion into a motion for  
23 summary judgment. Fed. R. Civ. P. 12(d). Because the Court declines to consider  
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25 <sup>5</sup> NRS 11.190(2)(d) states that an action may only be commenced within four  
26 years when it is “an action against a person alleged to have committed a deceptive  
27 trade practice in violation of NRS 598.0903 to 598.0999, inclusive, but the cause  
28 of action shall be deemed to accrue when the aggrieved party discovers, or by the  
exercise of due diligence should have discovered, the facts constituting the  
deceptive trade practice.”

1 the interrogatories, judgment on the pleadings is not appropriate as to  
2 Defendants' statute of limitations defense.

3 **V. Defendants' Motion for Summary Judgment on Affirmative Defenses**  
4 **(ECF No. 75)**

5 Defendants moved for summary judgment on the following affirmative  
6 defenses as to Plaintiffs' claim for patent infringement under 35 U.S.C. § 271:  
7 equitable estoppel, inequitable conduct, and unclean hands. For the reasons  
8 discussed below, the Court denies Defendants' motion as to equitable estoppel  
9 and as to unclean hands, except for the theory regarding misrepresentations to  
10 the USPTO. The Court denies without prejudice Defendants' motion as to the  
11 unclean hands defense under the theory regarding misrepresentations to the  
12 USPTO and as to the inequitable conduct defense in light of the stay.

13 **A. Summary Judgment Standard**

14 "The purpose of summary judgment is to avoid unnecessary trials when  
15 there is no dispute as to the facts before the court." *Nw. Motorcycle Ass'n v. U.S.*  
16 *Dep't of Agric.*, 18 F.3d 1468, 1471 (9th Cir. 1994). Summary judgment is  
17 appropriate when the pleadings, the discovery and disclosure materials on file,  
18 and any affidavits "show there is no genuine issue as to any material fact and  
19 that the movant is entitled to judgment as a matter of law." *Celotex Corp. v.*  
20 *Catrett*, 477 U.S. 317, 322 (1986). An issue is "genuine" if there is a sufficient  
21 evidentiary basis on which a reasonable fact-finder could find for the nonmoving  
22 party and a dispute is "material" if it could affect the outcome of the suit under  
23 the governing law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248-49 (1986).  
24 The court must view the facts in the light most favorable to the non-moving party  
25 and give it the benefit of all reasonable inferences to be drawn from those facts.  
26 *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986).

27 The party seeking summary judgment bears the initial burden of informing  
28 the court of the basis for its motion and identifying those portions of the record

1 that demonstrate the absence of a genuine issue of material fact. *Celotex*, 477  
 2 U.S. at 323. Once the moving party satisfies Rule 56's requirements, the burden  
 3 shifts to the non-moving party to “set forth specific facts showing that there is a  
 4 genuine issue for trial.” *Anderson*, 477 U.S. at 256. The nonmoving party “may  
 5 not rely on denials in the pleadings but must produce specific evidence, through  
 6 affidavits or admissible discovery material, to show that the dispute exists[.]”  
 7 *Bhan v. NME Hosps., Inc.*, 929 F.2d 1404, 1409 (9th Cir. 1991). However, where  
 8 a where a moving party fails to meet their initial burden, “the nonmoving party  
 9 has no obligation to produce anything, even if the nonmoving party would have  
 10 the ultimate burden of persuasion at trial.” *Nissan Fire & Marine Ins. Co., Ltd. v.*  
 11 *Fritz Companies, Inc.*, 210 F.3d 1099, 1102-1103 (9th Cir. 2000).

12 Here, because Defendants move for summary judgment on their affirmative  
 13 defenses, they bear the burden of demonstrating the absence of a genuine issue  
 14 of material fact as to each asserted defense.

### 15 **B. Factual Allegations in Support of Affirmative Defenses**

16 Defendants allege the following conduct by Plaintiffs, described in more  
 17 detail below in relation to each defense, in support of their affirmative defenses:

18 Plaintiff Dae Sung falsely represented that it was the owner of the ‘696  
 19 patent in this action, in other litigation, in a cease-and-desist letter, and in forms  
 20 filed with the USPTO; Plaintiff Dae Sung failed to disclose material information to  
 21 the USPTO in the prosecution of the U.S. Patent; Plaintiffs knowingly  
 22 misrepresented that they had personal jurisdiction and venue in prior lawsuits,  
 23 knowingly misrepresented the amount of damages in this action, and  
 24 intentionally withheld evidence, mistranslated evidence, and submitted false  
 25 testimony regarding evidence in this action.

### 26 **C. Analysis**

#### 27 **1. Equitable Estoppel**

28 In the context of a patent claim, there are three elements to equitable



1 estoppel: (1) the patentee, through misleading conduct (or silence), leads the  
 2 alleged infringer to reasonably infer that the patentee does not intend to enforce  
 3 its patent against the alleged infringer; (2) the alleged infringer relies on that  
 4 conduct; and (3) the alleged infringer will be materially prejudiced if the patentee  
 5 is allowed to proceed with its claim. *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*,  
 6 960 F.2d 1020, 1028 (Fed. Cir. 1992), *abrogated by SCA Hygiene Products*  
 7 *Aktiebolag v. First Quality Baby Products, LLC*, 580 U.S. 328 (2017). Because  
 8 Defendants fail to show that there is no genuine dispute of material fact as to  
 9 elements (1) and (3), the Court denies summary judgment on this defense. The  
 10 Court does not address the second element of reliance as Defendants' motion fails  
 11 as to the other two elements.

12 **a. Element (1): Misleading Conduct**

13 Defendants allege that Dae Sung falsely represented that it was the "owner"  
 14 of the '696 patent in this action (along with several previous actions to enforce  
 15 the '696 patent against various parties including the Irwins), citing to the  
 16 complaints in prior actions. (ECF Nos. 73-2; 73-4; 73-8; 75-2 at 10-17, 19-34,  
 17 37-45.) Defendants further allege that Dae Sung represented itself as the "owner"  
 18 of the patent in other communications, including a cease and desist letter and in  
 19 forms filed with the USPTO. (*Id.* at 5-9, 35-36, 53-55, 46-57.) Defendants state  
 20 that they did not find out that Sehyang was the owner of the '696 patent until  
 21 June 9, 2023, when Dae Sung responded to their discovery requests. They assert  
 22 that this misrepresentation about Dae Sung's standing to enforce the patent led  
 23 Defendants to reasonably infer that Sehyang would not enforce the patent against  
 24 them.

25 Plaintiffs respond that there are several disputes of material fact as to this  
 26 defense. Plaintiffs have provided evidence which could support a factual finding  
 27 that Dae Sung was a co-owner with Sehyang of patent rights. Plaintiffs have  
 28 pointed to several documents and supporting declarations in which Dae Sung

1 and Sehyang agreed that technology which Dae Sung improved, expanded,  
2 substituted, or added to the patented invention would be commonly owned by  
3 both companies. (ECF Nos. 42-1 at 2; 42-2 at 2; 41-3 at 3; 41-4 at 4.) Plaintiffs  
4 have also provided declarations which may support a finding that the GRIPSTIC®  
5 was a product that Dae Sung improved, expanded, substituted or added under  
6 the '696 patent, providing for common ownership of patent rights. (ECF Nos. 42-  
7 1 at 2; 42-2 at 2.)

8 Further, Plaintiffs point out that Sehyang was identified in the original  
9 complaint in this action as the assignor of patent rights and patent enforcement  
10 to Dae Sung. (ECF No. 1 at 3.) The complaint and attached patent clearly state  
11 that the '696 patent was issued listing Jae-Ho Ha and Seung-Taek Lee as  
12 inventors and Sehyang as the assignee of the patent. (*Id.*; ECF No. 1-2 at 1.) The  
13 complaint then states that Sehyang assigned the patent to Dae Sung. (ECF No. 1  
14 at 3.) This language in the original complaint cuts against Defendants' arguments  
15 that they were not aware that Sehyang was the owner of the patent and that Dae  
16 Sung's statements of ownership caused them to believe that Sehyang was not  
17 intending to pursue their patent rights.

18 The Court finds that Plaintiffs have set forth evidence which creates a  
19 triable issue of material fact as to whether Dae Sung is a co-owner of the '696  
20 patent rights and whether Defendants were led to reasonably infer that Sehyang  
21 did not intend to enforce its patent.

22 **b. Element (3): Material Prejudice**

23 Defendants argue that they have been prejudiced because they have  
24 "endured extensive motion practice which was deemed moot upon Sehyang  
25 joining in the [p]resent [a]ction," and have had to re-write and reargue motions  
26 and revisit discovery. (ECF No. 75 at 25.) Had they known that Dae Sung lacked  
27 standing to pursue the patent claims, they would have immediately moved to  
28 dismiss this action. Defendants also argue that the statute of limitations has been

1 artificially extended due to Dae Sung's alleged misrepresentations. Plaintiffs  
2 counter that it is not prejudicial for a defendant to have to engage in motion  
3 practice or discovery, and that Defendants' statute of limitations argument has  
4 not been altered by Sehyang's entry into the case.

5 The Court agrees with Plaintiffs. Prejudice in the context of equitable  
6 estoppel may be "a change of economic position or a loss of evidence." *A.C.*  
7 *Aukerman*, 960 F.2d at 1043; *see also Ecolab, Inc. v. Envirochem, Inc.*, 264 F.3d  
8 1358, 1371-72 (Fed. Cir. 2001) (describing economic prejudice as "a change in  
9 the economic position...during the period of delay that would not have occurred  
10 had [plaintiff] sued earlier," and defense prejudice as when a defendant "would  
11 be unable to present a full and fair defense on the merits in view of [plaintiffs']  
12 delay"). Defendants here allege neither economic nor evidentiary prejudice and  
13 have offered no case law in support of their contention that engaging in litigation  
14 constitutes prejudice in the context of equitable estoppel in a patent case. As to  
15 Defendants argument that the statute of limitations has been artificially  
16 extended, the Court does not see how this is the case; Defendants have not put  
17 forth an argument that Plaintiffs' patent claim is outside of the statute of  
18 limitations. Defendants have failed to allege facts which demonstrate prejudice  
19 as a matter of law. Therefore, Defendants have necessarily failed to meet their  
20 burden of demonstrating that there is no genuine issue of material fact as to  
21 prejudice.

22 Because Defendants have failed to show that there is no genuine dispute  
23 of material fact as to elements (1) and (3) of equitable estoppel, the Court denies  
24 Defendants' motion for summary judgment as to this defense.

## 25 **2. Inequitable Conduct**

26 "Inequitable conduct arises when a patent applicant, or its representative,  
27 engages the PTO with a lack of candor, good faith, or honesty." *ESCO Corp. v.*  
28 *Cashman Equip. Co.*, 158 F. Supp. 3d 1051, 1059 (D. Nev. 2016) (citing *Molins*

1 *PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed.Cir.1995)). A party asserting the  
 2 defense of inequitable conduct must also prove an intent to deceive the USPTO,  
 3 which can be shown through a pattern of lack of candor. *Therasense, Inc. v.*  
 4 *Becton, Dickinson and Co., et al.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011); *Regeneron*  
 5 *Pharm., Inc. v. Merus N.V.*, 864 F.3d 1343, 1351 (Fed. Cir. 2017). A finding of  
 6 inequitable conduct can render an entire patent unenforceable. *ESCO Corp.*, 158  
 7 F. Supp. 3d at 1059.

8 Under 37 C.F.R. § 1.56(a), there is a duty of each individual associated with  
 9 the filing and prosecution of a patent application to disclose all information  
 10 known to be material to patentability. Defendants argue that Sehyang failed to  
 11 disclose material information to the USPTO in the prosecution of the '696 patent  
 12 by failing to disclose two prior Japanese art references and that intent to deceive  
 13 can be inferred from Plaintiffs' other alleged misrepresentations.

14 The Court finds that the USPTO's reexamination process may simplify the  
 15 issues in this defense because the USPTO is considering the effect of the prior art  
 16 references at issue on patentability. The Court therefore denies without prejudice  
 17 Defendants' motion for summary judgment as to the defense of inequitable  
 18 conduct.

### 19 **3. Unclean Hands**

20 The doctrine of unclean hands "bars relief to a [a party] who has violated  
 21 conscience, good faith or other equitable principles in his prior conduct, as well  
 22 as to a plaintiff who has dirtied his hands in acquiring the right presently  
 23 asserted." *Platte River Ins. Co. v. Liu*, No. 2:20-CV-00723-GMN-EJY, 2023 WL  
 24 3724237, at \*5 (D. Nev. May 26, 2023) (quoting *Dollar Sys., Inc. v. Avcar Leasing*  
 25 *Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989)). A party asserting this defense must  
 26 show that the other party's "conduct is inequitable and that the conduct relates  
 27 to the subject matter of the claim." *Id.* (quoting *Brother Records, Inc. v. Jardine*,  
 28 318 F.3d 900, 909 (9th Cir. 2003)).

1 Defendants allege that all of the misconduct supporting their arguments  
2 for equitable estoppel and inequitable conduct also supports a defense of unclean  
3 hands. The Court has already addressed some of this alleged conduct—alleged  
4 misrepresentations of ownership—and found material disputes of fact precluding  
5 summary judgment. The Court will not address these allegations again here.

6 In addition, Defendants allege that Plaintiffs (1) knowingly misrepresented  
7 personal jurisdiction and venue in prior lawsuits to enforce the ‘696 patent, (2)  
8 knowingly misrepresented damages in the present action to be \$10 million when  
9 the actual lifetime sales are \$4,000, (3) intentionally withheld licenses relating to  
10 the ‘696 patent (4) intentionally mistranslated and submitted false testimony  
11 regarding the accuracy of the November 17, 2003 license, and (5) failed to disclose  
12 material information to the USPTO

13 **a. Misrepresentation of Personal Jurisdiction**

14 In support of their argument that Plaintiffs have intentionally  
15 misrepresented personal jurisdiction and venue in prior lawsuits to enforce the  
16 ‘696 patent, Defendants submitted complaints from three prior lawsuits: (1) The  
17 “Ohio Action”, 3:21-cv-01448, filed in the Northern District of Ohio against D&B  
18 Sales, Inc., and Dale and Bobbi Irwin, (2) the “Blaylock Action,” 3:19-cv-01643,  
19 filed in the Northern District of Ohio against Blaylock Marketing, and Leslie,  
20 Curtis, and Susanne Blaylock, and (3) the “Shepherd Action,” 3:21-cv-01495,  
21 filed in the Northern District of Ohio against Mary Shepherd. (ECF Nos. 73-2; 73-  
22 4; 73-8.) Each complaint alleged that personal jurisdiction was proper in the  
23 Northern District of Ohio because the defendants transact business, engage in  
24 infringing conduct, and/or induce others to engage in infringing conduct in the  
25 forum state, and alleged that venue was proper because defendants do business  
26 in the state, have committed acts of infringement in the state and district, and  
27 have established business in the district. (ECF Nos. 73-2 at 4; 73-4 at 5; 73-8 at  
28 4.) Defendants have also submitted affidavits filed by defendants in each lawsuit

1 attesting to facts which indicate that personal jurisdiction was improper. (ECF  
2 Nos. 73-5; 73-6; 73-7; 73-9; 53-2; 53-3.) Plaintiffs respond that at the time of the  
3 filing of these lawsuits, they believed personal jurisdiction and venue were proper  
4 in the State of Ohio.

5 The Court notes that none of the courts in these three actions ruled on  
6 whether personal jurisdiction was proper.<sup>6</sup> Additionally, Defendants have  
7 provided no evidence that Plaintiffs filed these cases knowing that personal  
8 jurisdiction was lacking. Therefore, Defendants have failed to meet their burden  
9 of showing that there is no dispute of fact, and summary judgment is not  
10 appropriate on this ground.

#### 11 **b. Misrepresentation of Damages in Present Action**

12 Defendants next argue that Plaintiffs misrepresented the damages in this  
13 action when they estimated damages to be \$10 million in the Stipulated Discovery  
14 Plan. (ECF No. 16.) Defendants have provided a declaration and deposition of  
15 Bobbi Irwin, stating that Defendants lifetime sales of the alleged infringing device  
16 is approximately \$4,000. (ECF Nos. 53-3; 47-8.)

17 Plaintiffs counter that at the time the Stipulated Discovery Plan was filed  
18 on June 24, 2022, they did not have any information from Plaintiffs regarding  
19 their lifetime sales. Plaintiffs' have submitted a declaration from Plaintiffs'

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20 <sup>6</sup> The Court takes judicial notice of the dockets in the Blaylock, Shepherd, and  
21 Irwin cases, all filed in the Northern District of Ohio. *Jacobson v. Schwarzenegger*,  
22 357 F. Supp. 2d 1198, 1207 (C.D. Cal. 2004) (citing *Mir v. Little Company of Mary*  
23 *Hosp.*, 844 F.2d 646, 649 (9th Cir.1988)). In *Dae Sung Hi Tech Co., Ltd. v. Blaylock*  
24 *Marketing, LLC et al*, Case No. 3:19-cv-01643, defendants' motion to dismiss for  
25 lack of subject matter jurisdiction was fully briefed on November 11, 2019 (ECF  
26 No. 22), however, the parties subsequently filed a consent judgment, and the  
27 motion to dismiss was never ruled on (ECF No. 24). In *Dae Sung Hi Tech Co., Ltd.*  
28 *et al v. Shepherd*, 3:21-cv-01495-JJH, plaintiffs filed a voluntary notice of  
dismissal (ECF No. 8) and defendant's motion to dismiss for lack of personal  
jurisdiction was never ruled on. Finally, in *Dae Sung Hi Tech Co., Ltd. et al v. D&B*  
*Sales, Inc. et al*, Case No. 3:21-cv-01448-JZ, no motion to dismiss for lack of  
personal jurisdiction was filed and plaintiffs voluntarily dismissed the action  
(ECF No. 12).

1 counsel Derek R. Noack attesting to this fact. (ECF No. 78-1.) The declaration  
2 and deposition of Bobbi Irwin stating lifetime sales of approximately \$4,000  
3 occurred on July 28, 2023, and June 6, 2023. (ECF No. 53-3; 47-8.)

4 Because Plaintiffs have provided evidence which tends to show that they  
5 were not aware of the Defendants' lifetime sales at the time they estimated  
6 damages, there is at least a genuine dispute of material fact as to whether  
7 Plaintiffs misrepresented the damages in this action.

### 8 **c. Withholding of Evidence**

9 Defendants next assert that Plaintiffs have intentionally withheld licenses  
10 relating to the '696 patent, as well as portions of the November 17, 2003 license.  
11 Defendants argue that Plaintiffs were obligated to produce the November 17,  
12 2003 license within 14 days of the Initial Scheduling Conference (June 6, 2022)  
13 under LPR 1-7(d), and that they only produced the license on July 7, 2003, when  
14 opposing Defendants first motion to dismiss. (ECF No. 42-4.) Defendants also  
15 argue that the November 17, 2003 license which has been produced is missing  
16 sections. (ECF No. 42-4.) Finally, Defendants argue that Plaintiffs have  
17 intentionally withheld licenses relating to the '696 patent, pointing to language  
18 in three declarations which might indicate the existence of a license which has  
19 not been disclosed. (ECF Nos. 42-1 at 2; 41-2 at 2; 42-3 at 2) (all stating "Sehyang  
20 Industrial Co., Ltd. has also separately licensed DAE SUNG HI TECH CO., LTD  
21 with respect to the making, importing, use, and sells [sic] of products under the  
22 '696 patent.").

23 Generally speaking, "a defense of unclean hands may not be based on  
24 discovery misconduct." *Kaseberg v. Conaco, LLC*, 360 F. Supp. 3d 1026, 1038  
25 (S.D. Cal. 2018) (internal quotations omitted). In the case of alleged discovery  
26 abuses, the aggrieved party may seek relief under Fed. R. Civ. P. 37. *Id.*; *see also*  
27 *X-It Products, L.L.C. v. Walter Kidde Portable Equip., Inc.*, 155 F. Supp. 2d 577,  
28 601 (E.D. Va. 2001) (appropriate remedy for alleged discovery abuses is a motion



1 to compel or motion for sanctions). There is one exception to this rule—a line of  
2 cases “suggesting that the unclean hands defense may be available where the  
3 other party engaged in discovery misconduct to conceal fraud concerning the  
4 underlying intellectual property rights at issue in the litigation.” *Kaseberg*, 360  
5 F. Supp. 3d at 1038 (collecting cases).

6 Defendants have not filed a motion to compel or motion for sanctions in  
7 this action. While Defendants may be attempting to defend this action based on  
8 this exception, the Court has already found that there are at the very least  
9 genuine issues of material fact as to whether Plaintiffs have made any  
10 misrepresentations to the USPTO or regarding their ownership status. *See supra*  
11 section V.C.1.a. Therefore, summary judgment is inappropriate on this issue.

12 **d. Mistranslation of November 17, 2003 License and False**  
13 **Testimony**

14 Defendants argue that Plaintiffs have intentionally mistranslated the  
15 November 17, 2003 license because there are material differences between the  
16 Korean and English licenses, pointing to differences between the language of the  
17 English license and the certified translation of the Korean license (ECF Nos. 42-  
18 2; 48-3.) Further, Defendants allege that because of this, the November 17, 2003  
19 license is not true or accurate, and Plaintiffs’ declarations which attest to its  
20 accuracy are therefore false testimony. Plaintiffs counter that both the Korean  
21 and English licenses were executed on the same day, and thus could not have  
22 been intentionally mistranslated by Plaintiffs. They point to the licenses, which  
23 are both dated November 17, 2003. (ECF Nos. 78-2 at 2, 5.)

24 There is at least a genuine dispute of material fact as to whether the  
25 November 17, 2003 license is properly translated, which necessarily means that  
26 there is a factual dispute as to whether declarations which attest to its accuracy  
27 are false. Summary judgment is thus inappropriate on this issue.

28 //

**e. Misrepresentations to USPTO**

As in their inequitable conduct claim, Defendants allege that Sehyang failed to disclose material information to the USPTO in the prosecution of the '696 patent by failing to disclose two prior Japanese art references. As with that claim, the Court finds that the USPTO's reexamination process may simplify the issues in this defense because the USPTO is considering the effect of the prior art references at issue on patentability. The Court therefore denies without prejudice Defendants' motion for summary judgment as to the defense of unclean hands only as to this theory.

For the reasons stated, the Court denies Defendants' motion for summary judgment as to the defense of equitable estoppel and as to the defense of unclean hands, except for their theory regarding misrepresentations to the USPTO. Because the Court finds the inequitable conduct defense and the unclean hands defense under the theory regarding misrepresentations to the USPTO are implicated by the Court's stay, the Court denies the motion for summary judgment as to these claims without prejudice.

**VI. CONCLUSION**

It is therefore ordered that Defendants' motion for judgment on the pleadings as to Plaintiffs' NDTPA claims (ECF No. 74) is DENIED.

It is further ordered that Defendants' motion for summary judgment on affirmative defenses (ECF No. 75) is DENIED as to the defense of equitable estoppel. Defendants motion is DENIED as to the defense of unclean hands except as to the theory that Sehyang made misrepresentations to the USPTO, which is denied without prejudice. Defendants' motion is also and DENIED without prejudice as the defense of inequitable conduct.

It is further ordered that Defendants' motion to stay the case (ECF No. 90) is GRANTED. This action is STAYED pending the outcome of Defendants' request for reexamination by the USPTO. Defendants are ordered to file a status update

1 as to the outcome of the request within 7 days of any decision by the USPTO.

2 It is further ordered that Plaintiffs' motion for summary judgment (ECF No.  
3 81) and motion for a permanent injunction (ECF No. 80) are DENIED without  
4 prejudice and with leave to amend after the stay is lifted and the parties have  
5 complied with the Local Patent Rules to complete the claim construction process.  
6 After the stay is lifted, the Court will order the parties to submit a joint scheduling  
7 order for the claim construction process, dispositive motions, and mandatory  
8 settlement conference under the Local Patent Rules.

9  
10 Dated this 18<sup>th</sup> day of February 2025.

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13 ANNE R. TRAUM  
14 UNITED STATES DISTRICT JUDGE  
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